

GLOBAL  
EMPLOYER  
GUIDE

**BELGIUM**





## Basic Country Facts

### Full Name

- Kingdom of Belgium

### Capital

- Brussels

### Main Languages

- French
- German
- Dutch
- Flemish

### Population

- 11.4 million

### Monetary Unit

- Euro

### Internet Domain

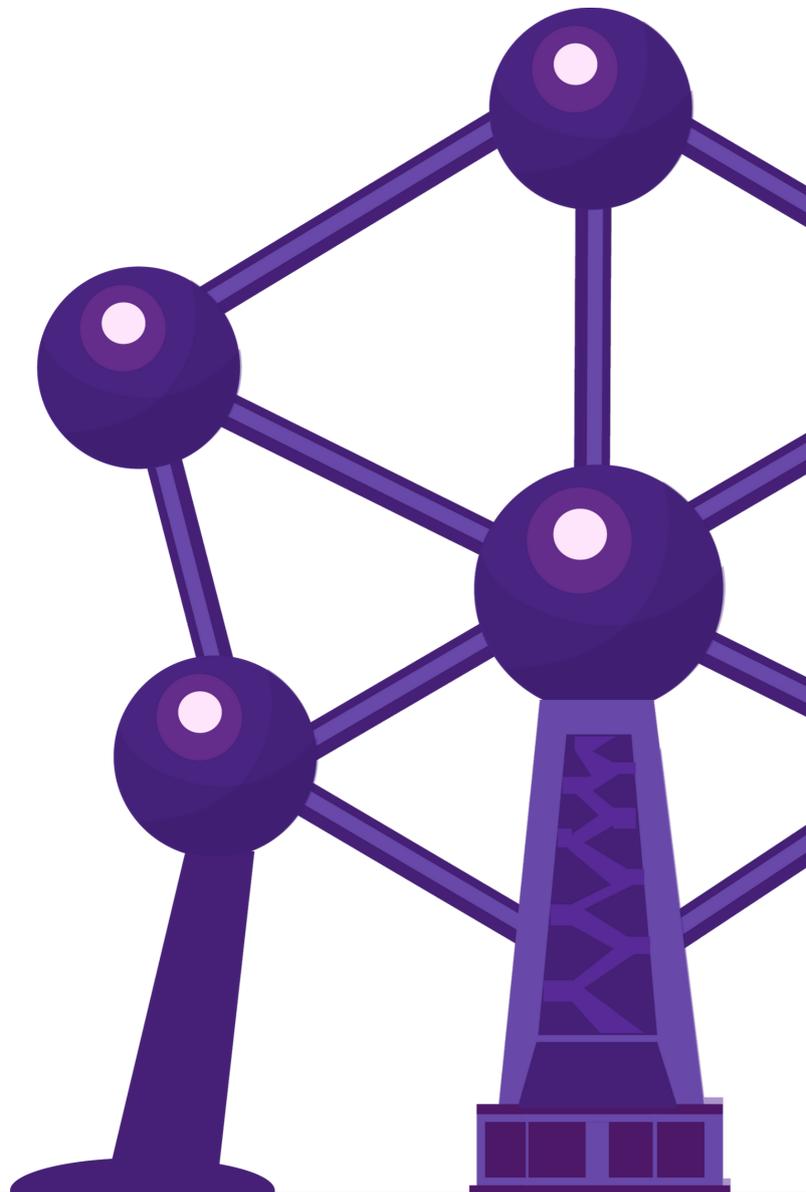
- .be

### International Dialing Code

- +32

### Currency

- Euro



# STATUTORY LABOR REQUIREMENTS

## Probation Period

- There can be a probationary period of up to two weeks for blue-collar workers, and anywhere between one and six months for white-collar workers if the annual wage does not exceed around EUR 36–37,000.
- White-collar employees earning more than this may have a trial period of up to 12 months.

## Annual Leave

- In practice, employees (white-collar) are entitled to 2 vacation days per complete worked month in the preceding year.
- That means 24 vacation days (six-days-a-week scheme) or 20 vacation days (five-days-a-week scheme) for a complete year in service (or of assimilated periods), i.e. a maximum of 4 complete weeks of paid leave in the scheme of a full-time working employee.
- During their annual leave, the white-collar employees receive a “double holiday pay” in addition to their normal pay. The employer pays both the normal pay and the holiday allowance.



## Public Holidays

- There are officially 12 Belgian national holidays but two fall on a Sunday – Easter Sunday and Whit Sunday (Whitsun or Pentecost) – typically giving workers 10 Belgian public holidays, unless other Belgian holidays fall on a Sunday:
  - New Year's Days (1st January)
  - Easter Monday (13th April)
  - Labor Day (1st May)
  - Ascension Day (21st May)
  - Whit Monday (1st June)
  - Belgium National Day (21st July)
  - Assumption Day (15th August)
  - All Saints Day (1st November)
  - Armistice Day (11th November)
  - Christmas Day (25th December)

## Maternity Leave

- Mothers can take up to 15 weeks' maternity leave (or 19 weeks in the case of multiple births), receiving benefits equivalent to 82% of full salary for the first 30 days and 75% for the remainder (subject to a maximum amount currently set at €104.80 per day).
- Mothers are allowed six weeks of prenatal leave, five of which are optional and can be taken after your baby's birth, although one the week preceding delivery is a mandatory period of time off.
- The nine weeks of postnatal leave begin on the day of birth, or on the first working day after the birth.

## Paternity Leave

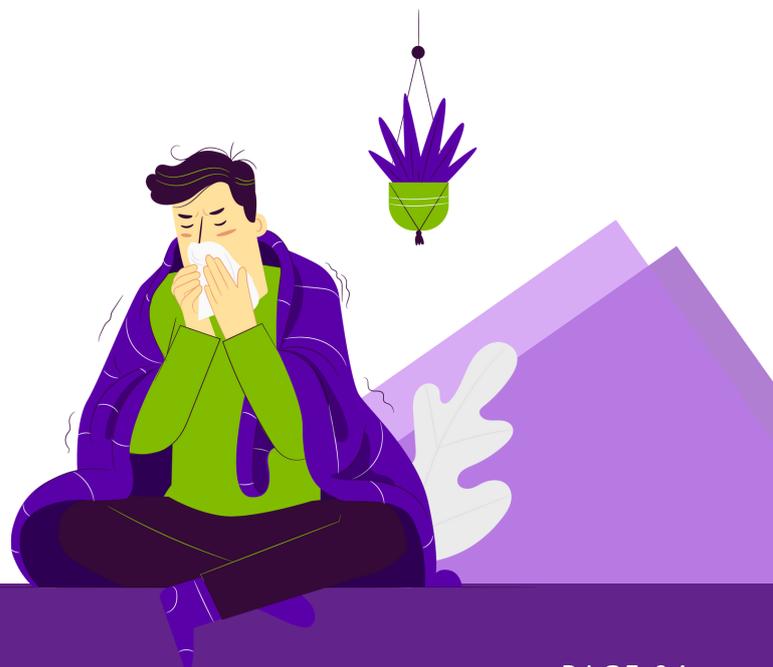
- At least nine weeks must be taken after the birth and at least one week must be taken before the date when the baby is due.
- Following the birth of a child, the father has a right to ten days' paternity leave, seven of which will be paid for by the social security system at 82 percent of salary (subject to a maximum).

## Sick Leave

- In case of sickness or accident, the employee is entitled to a statutory sick pay during the first 30 days of absence, payable by the employer.
- The rate of the sick pay, based on the normal salary, depends on the nature of the contract (white- or blue collar worker), and on the length of his service to the employer).

## Work Hours

- Belgian law fixes working hours at 8 hours per day and 40 hours per week.
- Both limits must be observed simultaneously.
- These maximum limits may be reduced by collective agreement.



## Overtime

- Overtime work entitles the worker to be paid at least 50% extra wage during weekdays and 100% on Sundays and public holidays.

## Notice Period

- Belgian employment law has historically differentiated between “blue-collar” manual laborers and “white-collar” office workers. However, since reform in 2014, the same statutory notice periods have applied to both categories, and they are based on an employee’s length of service, or seniority
- For instance, if an employee has worked for a period of 6 months, the notice period is 2 weeks. If an employee has worked for more than 25 years, the notice period is 13 weeks.

## Severance

- Individual Dismissal:
  - Both the employer and the dismissed worker have to choose between the notice period during which the employment contract is still running and the severance pay by stopping the contract immediately.
  - In the latter case, the severance pay is equivalent to the wage and benefits multiplied by the duration of the notice period that should have been notified.

- Collective Dismissals:
  - In addition to the unemployment benefits, workers affected by the collective dismissal are entitled to a special severance pay.
  - The amount of this allowance is equal to half the difference between the net wage and the amount of the unemployment benefits the worker receives.
  - The maximum gross salary value used for this calculation amounts to €3,144.66
  - The employee is entitled to four months of severance pay, starting the day after his/her working agreement or after his/her notice period ended.
- Fixed Term Contracts:
  - There is no severance pay during the trial period.
  - After the trial period, the severance pay is equivalent to the amount of salary that was due until the end of the contract.
  - Nevertheless, this amount may not exceed twice the wage corresponding to the duration of the notice period that would have been calculated in the case of a permanent contract.

## 13th Month

- According to the labor code, the 13th Month pay means one twelfth of the basic salary of an employee within a calendar year.
- On the contrary to popular belief, it is not free money. Companies simply divide your gross yearly salary by 13 to get your monthly salary.

## Income Tax

- Belgium taxes its residents on their worldwide income, irrespective of their nationality.
- Residents of Belgium are taxable on their worldwide income, while non-residents are only taxable on Belgian-source income.
- Personal income tax (PIT) is calculated by determining the tax base and assessing the tax due on that base. Taxation is charged on a sliding scale to successive portions of net taxable income. For income year 2020, the federal tax rates range between nil and 50%.
- Since assessment year 2015 (income year 2014), the tax calculation contains two major components, notably the 'federal PIT' and the 'regional PIT'. Pursuant to the 6th Reform, the Belgian regions are now entitled to retain surcharges on 'reduced federal personal income taxation', and also grant tax reductions/tax credits.
- The tax liability may therefore differ (although slightly at this stage) depending on the region in which the residence of the taxpayer is located on the 1st of January of the respective tax year.
- Tax rates are the same for resident and non-resident taxpayers, but some deductions or tax rebates are only granted to non-residents, provided that they earn at least 75% of their worldwide professional income in Belgium.
- For residents of Belgium, communal taxes are levied at rates varying from 0% to 9% of the income tax due. The average rate being 7%. For non-residents, a flat surcharge of 7% is due. In some cases, communal taxes may also be levied on exempted foreign-source income.



Taxable Income (EUR)		Rate (%)	Tax on bracket (EUR)	Cumulative tax (EUR)
Over	Not Over			
0	13,440	25	3360	3360
13,440	23,720	40	4112	7472
23,720	41,060	45	7803	15,275
41,060	And above	50		

## Social Security Contributions

- Belgium has a very extensive social security system. Foreigners are also entitled to certain allowances and social services.
- The Belgian social security system is based on the payment of social contributions on your income from work. These social contributions serve to finance the social security system.
- Each month the employer pays a considerable amount on top of your salary into the social security fund. The employee also pays a proportion of his gross salary in social security contributions. This fund is then used to pay social security:
  - allowances in the event of sickness
  - unemployment benefits
  - allowances in the event of incapacity for work through sickness or invalidity
  - allowances in the event of accidents at work
  - allowances in the event of industrial disease
  - family allowances
  - pensions
- The employee's share of social security taxes is 13.07% of the total gross compensation, with no cap.
- The employer's share currently varies around 27%.
- The tax shift applicable since 2016 provides for a progressive decrease of the employer's social security contributions to 25%.
- Moreover, the tax shift provides for a complete exemption of employer social security charges for the first employee hired in the next five coming years and an extension of the reduction of the

employer's contributions for the first six employees. The tax shift entered its final stage on 1 January 2019 and will implement additional (though minimal) changes at the level of structural reductions.

- Foreign employees with short-term assignments in Belgium who continue to be subject to the social security schemes of their home country, an exemption from social security may be granted, depending on the home country of the claimant.
- According to several Supreme Court decisions, additional expenses reimbursed to foreign executives or specialists working temporarily in Belgium (see Employment income in the Income determination section) are, within certain limits, exempt from social security taxes.
- A special social security contribution is also due, the amount varying between EUR 9.30 and EUR 60.94 per month. This contribution is collected by means of monthly deductions from net salary, although the final amount due will be determined through the tax return process on the basis of actual net taxable family income.
- The special social security contribution is not tax deductible. The maximum amount due by a family on a yearly basis amounts to EUR 731.28.

### Social Security Contributions

Employer Contribution	Employee Contribution
27%	13.07%
	EUR 9.3 to EUR 60.94*

\* This contribution is collected by means of monthly deductions from net salary

# Deductible Expenses

## Employment Expenses

- In determining the tax base, compulsory social security contributions (paid in Belgium or abroad) are fully deductible.
- Employment-related expenses are also deductible, provided they are substantiated; alternatively, standard deductions may be claimed.
- For employees, the standard expense deduction amounts to 30% of the gross earning, up to a ceiling of EUR 4,880.
- For remunerated directors, the standard deduction is a flat 3% and cannot exceed the ceiling of EUR 2,580.
- In addition to social security contributions and professional expenses, some non-business expenses can also be deducted from the taxable basis, and personal exemptions are granted.

## Personal deductions

- 80% of the support (alimony) payments to near relatives or a separated spouse are deductible (non-residents can deduct only payments made to residents of Belgium; however, there are some tax treaty exceptions).
- Some non-business expenses give rise to a tax reduction.
- At the federal level, the most commonly granted reductions mainly concern:
  - Pension savings contributions, with a maximum of EUR 990 or EUR 1,270, depending on the extent of the tax reduction (i.e., resp. 30% or 25%)
  - Employee's contributions to group insurance: 30%.

- Charitable contributions of minimum EUR 40 (up to a maximum of 10% of net taxable income, with a maximum of EUR 397,850 for income year 2020) made to certain recognized EEA institutions give right to a 45% tax reduction.
  - Life insurance premiums: 30% with a maximum of EUR 2,390.
  - Remuneration costs of domestic personnel give right to a 30% tax reduction (up to certain limits and under certain conditions).
  - Child custody expenses, up to a maximum of EUR 11.20 per day for children under 12 years of age give right to a 45% tax reduction.
- At the regional level, the most commonly granted tax reductions concern:
    - The capital repayment of a mortgage loan.
    - Payment of services performed in the framework of local employment agencies or paid with service-checks.
    - Security investment against theft or fire.
    - Expenses incurred for the maintenance and renovation of certain real estate.

## Personal exemptions

- In addition to the above-mentioned deductions, some personal exemptions are granted. The following amounts are deductible in determining taxable income.
- The personal basic exemption amounts to EUR 8,990.
- For any other dependent person, an amount of EUR 1,630 is deductible.

## Deductible Expenses

### Employment Expenses

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### Personal Deductions

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Note\*: - An employee may elect to deduct actual professional expenses incurred instead of the 10% standard deduction



# Immigration

- Citizens from the European Union (EU), the European Economic Area (EEA – EU plus Iceland, Liechtenstein and Norway) and Switzerland can work freely in Belgium without the need for a Belgian work permit.
- You must meet a number of conditions to come and work in Belgium. These conditions depend on the following three key factors:
  - your nationality and country of residence;
  - the length of your stay in Belgium;
  - your professional status (employee or self-employed) in Belgium.
- In principle a Belgian work permit is required for any non-EU/EEA/Swiss national coming to work in Belgium. There are exceptions, however, depending on the nature of activities or residence status of the foreigner. For example, scientific researchers or those holding permanent residence permits entitling indefinite stay in Belgium are exempt from requiring a Belgian work permit.
- Type A Permit:
  - The Type-A permit allows you to work for any employer in Belgium for an unlimited period of time.
  - In order to be granted a Type-A work permit you must have lived and worked in Belgium on a Type-B permit for a minimum of 4 years.
  - The 4-year work requirement is shortened to 3 years for nationals of the following countries: Algeria, Bosnia and Herzegovina, Kosovo, FYR Macedonia, Montenegro, Morocco, Serbia, Tunisia, Turkey, and Croatia.
  - The work requirement is reduced by another year if your spouse or dependent children have been living with you in Belgium for that time.
- Type B Permit:
  - The Type-B permit is valid for one employer and runs for one year, after which it can be renewed (by the same employer, usually for the same job or job classification). If you change employers, your new employer must apply for a new B permit; in which case you may need to return to your home country and re-apply for a residence visa before you can start your new job.
  - Jobs filled using a Type-B work permit must pay a minimum of €39,802.
  - Once you have lived and worked in Belgium for 4 years on the same permit, you can receive an unlimited A permit.
- Type C Permit:
  - The Type-C permit is valid for only one year, allowing the holder to work for multiple employers.
  - This is usually issued to temporary migrant agricultural or domestic workers, or to those whose length of stay in Belgium is unconfirmed, such as asylum seekers.
  - Type-C can be renewed.



Main Visas that allow you to enter and work in Belgium are as follows:

- Schengen visas (Business Visa)
- Visas on the basis of a Work Permit (Type D)
- EU Blue Card:
  - If you have a higher education qualification and a contract or binding offer of work in Europe, then you may be eligible for a Blue Card. Once you have one, a Blue Card entitles you to work anywhere in the EU including Belgium (apart from Denmark, the Republic of Ireland and the United Kingdom).
  - If you have a higher education qualification and a contract or binding offer of work in Europe, then you may be eligible for a Blue Card. Once you have one, a Blue Card entitles you to work anywhere in the EU including Belgium (apart from Denmark, the Republic of Ireland and the United Kingdom).
  - As a highly-skilled worker, you can obtain a work permit without the need for prior labor market analysis.
  - Minimum gross salary for the blue card Belgium is 53,971 euros (3,877.23 euros x 13,92) for 2019.



Type of Visa	Documentation	Validity	Eligibility
<b>Schengen visas (Business Visa)</b>	<ul style="list-style-type: none"> <li>• Common Schengen Application Form</li> <li>• Passport</li> <li>• Three recent passport sized photographs</li> <li>• Proof of employment</li> <li>• Round trip air-ticket and itinerary with dates and flight numbers specifying entry and exit from Schengen state</li> <li>• Proof of sufficient funds for duration of stay,</li> <li>• Travel/health/accident insurance</li> <li>• Invitation from the business partner in Schengen Country should be also sent directly to the Embassy.</li> </ul>	<ul style="list-style-type: none"> <li>• 90 days; one or multiple entry</li> </ul>	<ul style="list-style-type: none"> <li>• Belgium Business Visa – established for business people that want / need to participate in activities that are related to business, in Belgium.</li> </ul>
<b>Visas on the basis of a Work Permit (visa application type D)</b>	<ul style="list-style-type: none"> <li>• Passport</li> <li>• Three recent passport sized photographs</li> <li>• Proof of employment</li> <li>• Travel/health/accident insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Over 90 days</li> <li>• Can apply for a resident permit after entering Belgium</li> </ul>	<ul style="list-style-type: none"> <li>• As from 01/01/2019, third-country nationals wishing to work in Belgium for more than 90 days will apply to the competent region, through their employer, for a single application for a work permit and a request for a residence permit.</li> </ul>
<b>EU Blue Card</b>	<ul style="list-style-type: none"> <li>• Bachelor or Master's Degree</li> <li>• Valid Passport</li> <li>• Application Form</li> <li>• Proof of Health Insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Maximum 4 years (renewable)</li> </ul>	<ul style="list-style-type: none"> <li>• A valid work contract or binding job offer of at least one year.</li> <li>• The EU Blue Card applicant must have successfully completed a post-secondary higher education program of at least three years: a Bachelor or Master degree</li> <li>• Minimum gross salary for the blue card Belgium is 53,971 euros (3,877.23 euros x 13,92) for 2019.</li> </ul>

Note: - Documentation varies depending on your country of residence.

## Value Added Tax (VAT)

- The following transactions are subject to VAT in Belgium if they are considered to take place in Belgium:
  - The supply of goods and services effected for consideration by a taxable person acting as such.
  - The acquisition of services for consideration from outside Belgium between taxable persons.
  - The importation of goods.
  - Intra-Community acquisition of goods for consideration by a taxable person acting as such or by a non-taxable legal person (including the transfer of assets).
  - The self-supply by a taxable person.
- The standard VAT rate is 21%
- Certain supplies of goods and services are subject to a reduced rate of 12% and 6%

### VAT Rates

#### General Rate of 21%

#### Reduced Rates of 12%

#### Examples:

- Restaurant and catering services, excluding beverages.
- Phytopharmaceutical products.
- (Inner) tubes.
- Certain combustible material.
- Margarine.

#### Reduced rate of 6%

#### Examples:

- Works on immovable property (limited in time and with strict conditions).
- Basic necessities, such as food and pharmaceuticals.
- Distribution of water through pipelines.
- Some printed materials and electronic publications.
- Transport services of persons.
- Hotels and camping.



## Withholding Tax

- Domestic corporations and PEs of foreign corporations paying dividends, interest, royalties, service fees, and/or certain rentals are required to withhold tax.
- The default withholding tax rate on dividends paid to both residents and non-residents is 30%.
- Interest paid to a resident or nonresident generally is subject to a 30% withholding tax (15% for interest on certain specific government bonds and regulated savings deposits exceeding certain thresholds), unless the rate is reduced under a tax treaty or an exemption applies under the EU interest and royalties' directive or domestic law.
- The withholding tax rate on royalties paid to both residents and nonresidents generally is 30%, reduced by a standard expense deduction of 15%.
- The withholding tax rate on royalties paid to both residents and nonresidents generally is 30%, reduced by a standard expense deduction of 15%. The rate is 15% for certain income from literary and associated rights and from legal and compulsory licenses not exceeding EUR 59,970 (for tax year 2019)
- Technical service fee: - Withholding tax also must be withheld on certain other payments to nonresidents at a rate of 33%. The effective withholding tax rate is reduced to 16.5% as the results of a 50% lump sum cost deduction.

Payment/Income	WHT
<b>Dividend</b>	The default withholding tax rate on dividends paid to both residents and non-residents is 30%.
<b>Interest</b>	Interest paid to a resident or nonresident generally is subject to a 30% withholding tax
<b>Royalties</b>	The withholding tax rate on royalties paid to both residents and nonresidents generally is 30%, reduced by a standard expense deduction of 15%.
<b>Technical Service Fee</b>	Withholding tax also must be withheld on certain other payments to nonresidents at a rate of 33%.



## Termination

- Employment contracts are generally terminated through serving a notice period or the payment of an indemnity in lieu of notice.
- An employer does not require any authorization to dismiss an employee
- As part of the recent Belgian labor law reform, notice periods for blue- and white-collar employees are now aligned for employment contracts taking effect from 1 January 2014.
- These notice periods are fixed by law and only depend on the employee's seniority.
- Where an employment contract is terminated for serious cause, no notice period needs to be observed nor does any compensation in lieu of notice have to be paid.

## Statutory Benefits

- These are mandatory benefits as stipulated by the law
- These include annual leave, public holidays, maternity leave, paternity leave, sick pay, 13th month bonus, notice period and severance pay.
- Moreover, it includes social security benefits such as allowances in the event of sickness, unemployment benefits, allowances in the event of incapacity for work through sickness or invalidity, allowances in the event of accidents at work, allowances in the event of industrial disease, family allowances, pensions.

### Statutory Benefits

**Annual Leave**

**Public holidays**

**Maternity leave**

**Paternity leave**

**Sick pay**

**13th month**

**Notice period**

**Severance pay**

**Social security benefits**



## Payments and Invoicing

- All individuals' resident in Belgium and non-resident individuals taxed on Belgian-sourced income are required to file an annual tax return. The government, in principle, issues a tax return form to each taxpayer.
- Taxpayer can opt to file their tax return electronically. Tax authorities will then, in principle, no longer issue a paper tax return form to these taxpayers.
- For residents, their filings are due within 1 month after receipt of the tax form from the tax authorities and, in principle, at the latest on 30 June of the year following the income year.
- For non-residents the filing deadline is, in principle, 30 September of the year following the income year.

## Ease of Doing Business

- The ease of doing business index is an index created by Simeon Djankov, an economist at the Central and Eastern Europe sector of the World Bank Group.
- Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights.
- According to the World Bank Belgium ranked 46th in the World in 2019 in terms of ease of doing business.



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